

HEARING DATE AND TIME: October 27, 2011 at 10:00 a.m. (Eastern Time)

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and Claimant's manager Iberdrola Renewables, Inc., fka PPM Energy, Inc.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re : **Chapter 11 Case No.**
:
LEHMAN BROTHERS HOLDINGS INC., et al., : **08-13555 (JMP)**
:
Debtors. : **(Jointly Administered)**
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**RESPONSE TO DEBTORS' ONE HUNDRED AND EIGHTY SEVENTH OMNIBUS
OBJECTION TO CLAIMS (MISCLASSIFIED CLAIMS)**

Claim numbers	67558 Debtor 08-13555	\$12,047,865.00
	67559 Debtor 08-13885	\$12,047,865.00
	17634 Debtor 08-13555	\$ 208,351.00
	17635 Debtor 08-13885	\$ 208,351.00
	18694 Debtor 08-13555	\$ 208,351.00
	18695 Debtor 08-13885	\$ 208,351.00

Debtors by the above-referenced Objection seek to reclassify the above-listed claims (among many other “Misclassified Claims”) from secured to unsecured (Objection, para. 2), stating that they “do not disclose the obligation owed to the Debtors by such claimant that are subject to setoff or actually assert any basis for a setoff” (Objection, para. 9) and that “[w]hile section 506(a)(1) provides that a claim th[at] is ‘subject to setoff under Section 553’ is a secured claim, none of the claimants has asserted any obligation that it’s seeking to setoff against the Misclassified Claims. These claimants assert the right to setoff a hypothetical obligation.” (Objection, para. 10).

The Debtors also state “[t]his objection does not seek to modify or impact in any way any claimant’s valid right of setoff that may be asserted in the future” and that “Debtors have reviewed their books and records and determined that the Misclassified Claims are not secured.” (Objection, para. 10). This last statement may not be the same as stating that the Debtors have reviewed their books and records and do not find a claim or an obligation by a Debtor against Claimant that is more than “hypothetical” that could be a source of setoff and therefore justify classification as a secured claim pursuant to the law cited by Debtors. Likewise, Claimant does not admit that there is any obligation of Claimant to Debtor that is even hypothetical.

Nevertheless, Debtor and Claimant have had correspondence that is subject to all evidentiary privileges concerning settlement and claim compromise, and so therefore may not be described in greater detail here. The Objection states that it “does not seek to modify or impact in any way any claimant’s valid right of setoff that may be asserted in the future” (Objection para. 10), but this language does not appear in the Proposed Order, and the concept may or may not be intended to be included in the penultimate Ordering paragraph of the proposed Order. This paragraph refers to “validity, allowance, or disallowance” of any claim, but not to the

“amount” of any claim. Accordingly, Claimant objects to the proposed Order to the extent it does not include within it this language, or at least this concept, from Debtor’s objection, that that the Order “does not modify or impact in any way any claimant’s valid right of setoff that may be asserted in the future.”

Finally, although the Objection states that the Claimants for claims 67558 and 67559 are “Iberdrola Renewables, Inc., fka PPM Energy, Inc.”, these claims were filed by Iberdrola Renewables Energies USA, Ltd.” Claimant objects to the Objection to the extent it purports to reassign claims among Claimants.

Dated: October 12, 2011

PRYOR CASHMAN LLP

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